Government are considering the question of effecting some retrenchment in view of the improved situation. Provision has also been made for the continuance of the Food Supplies department throughout the year—the magnitude of the work of the department can be imagined more or less when one sees that the revised estimate anticipates a total turnover of Rs. 250 lakhs and the budget estimate a total of Rs. 433·70 lakhs.

The beggar problem the solution of which has been generally a baffling one is proposed to be tackled and a beginning has been made for the first time by the provision of Rs. 0·50 lakh to take up the question in earnest in the coming year.

Capital Services

The Anamalai Road.—The Anamalai Road work for which a provision of Rs. 4 lakhs was made in the current year is still in progress. The survey of the first section of the road is already over and actual construction is going on. A provision of Rs. 3·14 lakhs is made in the coming year for continuing the work.

The Chalakkudi Irrigation Scheme.—The investigation by the Irrigation expert is nearing its completion and he estimates the total cost of the scheme at Rs. 11 lakhs. Though the outlay is large the project would benefit about 25,000 acres besides the kole lands bringing in an annual return of about 8 per cent on the outlay besides bringing a lump receipt of Rs. 3 lakhs on the sale of available poromboke lands. It is not the return that counts much but it is the large quantity of food to the people that makes the scheme attractive. A provision of Rs. 2·50 lakhs is made for the next year.

The other outstanding provisions are Rs. 0·25 lakh for the purchase of additional machines for the R.V.C.A. Hospital—Sales section, and Rs. 0·10 lakh for Chittur electrification for the capital works to be done in connection with the purchase of electricity from Pykara.

Revenue Reserve Fund

The Revenue Reserve Fund is having additions out of the surplus of each year and the fund which stood at Rs. 22·75 lakhs at the end of 1117 was since credited with a sum of Rs. 15·00 lakhs out of the realised surplus of 1117 amounting to Rs. 18·75 lakhs. As usual a sum of Rs. 2·00 lakhs has been drawn out of the fund for Rural Development activities of the next year also and the balance in the fund will be Rs. 33·75 lakhs at the end of 1119. This is expected to stand us in good stead in times of emergency or for utilisation on development schemes in the future.

Our Debt Position

I shall now pass on to review our debt position and to explain our ways and means.

Last year I stated "the 5 per cent debenture loan of Rs. 75 lakhs raised in 1933 matures on 1st October 1943 and the question of its redemption will be engaging the attention of the Government in the near future." It has now been decided to redeem it and raise a conversion loan of Rs. 70 lakhs at 3 per cent repaying Rs. 5 lakhs from the General balances. A sinking fund at 3 per cent on our total public debts has also been proposed. It may quite pertinently be asked why we could not repay more when we have such large surpluses now; apart from the dictum that the burden of reproductive schemes for which large amounts are spent should be spread over future years for repayment by posterity, the balances at our hands will not be available as fabulous amounts are required to finance our schemes for purchases of grains, standard cloth, etc. In fact to meet these demands we had also to arrange an overdraft account with our bankers. Our 3½ per cent loan of Rs. 30 lakhs is maintaining a very good position in the market indicating public confidence in the stability and soundness of the State Finances. Our debt position at the end of 1119 is expected to stand at Rs. 315·92 lakhs consisting of debenture loans of Rs. 100 lakhs, Rs. 50·000 lakhs in temporary overdraft account and balances to the credit of the Provident Fund, Deposit Accounts, etc., amounting to Rs. 165·92 lakhs including the Customs Revenue Suspense of Rs. 30·000 lakhs. When our cash balances, investments in Government Gilt-edged securities and the various loans and advances to agriculturists, industrialists, etc., are considered, the debt burden has to be considered as small. It is more than covered by our assets and investments on reproductive works as could be seen from the statement of assets and liabilities attached to the budget.

Ways and Means.—The programme of the current year called for much care and attention owing to the large advances required for the purchase of foodgrains, recruitment of labour, etc. The sale of gilt-edged securities in the possession of Government would have partially met the incessant demands, but as such sales are not now advantageous an over-draft account has been opened with our bankers to finance these demands as stated by me already. Our working balances in the treasuries and banks is expected to stand at Rs. 111·62 lakhs at the close of the current year. During the next year we have to finance capital works to the extent of

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